

# *Documents on Diplomacy: The Source*

## *Reporting from China*

*Samuel Shaw to John Jay, Canton, December 31, 1786*

Sir; <sup>1</sup> I have the honour to avail myself of this opportunity, which the return of our Ship to America affords me, for communicating to you such information respecting the Commerce carried on with China by the other Nations of the World, as my situation and circumstances, after a second Voyage to this Country, have enabled me to obtain. It will not, I presume, be expected that this communication should be altogether perfect; but as the nature of the Commerce here is exceedingly uniform and not liable to many alterations, a competent knowledge of it can never fail to be the result of a moderate share of attention and application. I shall therefore only say that I have every reason to believe the following accounts, as far as they extend, are authentic; and I shall consider myself happy if they should be in the least satisfactory on the several points recommended to my attention, in the Letter of Instructions which you have been pleased to honor me.

<sup>2</sup> The Commerce of the Europeans with China appears to be as simple perhaps as any in the known World. The Danes, Spaniards, Imperialists, Swedes, French, English and Dutch have regular establishments at Canton and trade by Companies. The Portuguese, although they are in possession of Macao, do not in the manner of the other Nations, keep a public establishment, but carry on this trade by Agents sent from Europe, who also return in their Ships. As the business of unloading and loading their Ships is by particular indulgence, transacted at Macao, a considerable saving thence accrues on the duties which the other Nations are obliged to pay.

<sup>3</sup> The English Ships bring out from Europe lead and large Quantities of Cloth; which latter the Company are obliged by their Charter to export annually to China, for the encouragement of their home woollen manufacture. The remainder of their Cargoes is made up with supplies for the Company's establishments in India, and such European commodities as will answer the various Markets on the Coasts. After having disposed of these, they take onboard Cotton, with which, their lead & Cloth they proceed to China. The English derive considerable advantage from the permission granted to private Ships, owned by their subjects in India, to trade with China. These Vessels, besides the Cotton, Sandalwood, putchosh root, ebony, opium, sharks-fins, and birds-nests they bring from the Coasts, drive on a smuggling trade with the Dutch settlements in and about Malacca, and with the Natives, whom they supply with Opium, Clothing, fire Arms, & in return for which they receive

pepper, block tin and spices. The proceeds of these, with the silver and other articles they bring from India, are about one third carried back in such Merchandise as will suit the India markets, and the remainder, either in Cash or transfers on the Chinese Merchants, is paid into the Company's Treasury, for which they receive bills on the Company in England, at the Exchange of five shillings and six pence sterling for a Dollar, payable twelve months after sight. This fund has for a number of years rendered it unnecessary for the Company to export from Europe any specie for carrying on their Commerce with the Chinese.

<sup>4</sup> With respect however to this advantage derived by the English from their subjects in India, as well as from their Credit with the Chinese, it must be observed that both have been pushed as far as they would bear. Last year their ships depended greatly on the latter of these resources for their homeward Cargoes, and the Company have sent from England, the present year, upwards of three millions of Dollars, in specie alone.

<sup>5</sup> Besides the trade to China, these Country Ships (so called because they are not suffered to pass westward of the Cape of Good Hope) sometimes make very good Voyages to Batavia, the Capital of the Dutch settlements in India. They carry there all kinds of Cotton piece Goods—a variety of silk manufactures, and large quantities of saltpeter. In return those that come to Canton take pepper and block tin, and such as go back to the Coast generally carry sugar, which pays a handsome freight.

<sup>6</sup> The Dutch by their resources from their Settlements on Java, Sumatra, Malacca, and their other possessions in India, are enabled to manage their trade with China under equal if not superior advantages to any other People.

<sup>7</sup> The other Companies depend principally upon their Lead and Silver brought from Europe; though sometimes the English Captains from the Coasts of India furnish them with the latter in return for bills. This exchange is forbidden by the English Company and any person detected in it forfeits his privilege and may be sent prisoner to England. However this penalty, as it is seldom if ever inflicted, is but little regarded. British Subjects in India, who wish to remit their property to Europe, will find means of doing it through other Channels than that of the Company's Treasury. They get a penny and sometimes two pence more on a Dollar, and bills payable at a shorter sight.

8 There being no French Company at the Conclusion of the late War, several essays have been made for conducting the trade of that nation with China. In the year 1783, the King made the expedition on his own Account with four Ships. In 1784, he lent three large ships to a company of Merchants, who were obliged to sell a certain number of shares to such individuals as chose to become adventurers; and the last year there was only one ship. The result of these experiments very probably induced the forming a new Company, and the present year they employ eight Ships; six for India and two for China; one of which last, having been late in the season off the Cape of Good Hope, has gone to the Mauritius. Their China Ships depend chiefly for their return Cargoes on the specie they bring from Europe. Their India Ships carry out Stores and Merchandise to the Islands of Mauritius and Bourbon, and to their settlements on the Indian peninsula, whence they return to France with pepper, Coffee, drugs, saltpetre and piece Goods, such as muslins, Calicoes, Chintzes, and the other various manufactures of that quarter, as well in silk as in Cotton. A Consul of France, part of their former establishment, is still retained here. He has a House and Table found him by the King, with a Salary of six thousand *Livres* per annum. Should any disputes arise among the subjects of France, his decision, in a Court of Chancery, where he presides, is final unless an appeal be made to the King and Council.

9 The Commerce of the Imperialists is closed. The German Dominions are not well situated for prosecuting it. The Company have had no ship here since 1783, and are one hundred and fifty thousand Dollars in Arrears to the Chinese for the Cargoes then supplied. Their agent, M<sup>r</sup> Reid, returns this Season to Europe.

10 The establishments of the Swedes and Danes have hitherto been supported principally by the smuggling trade they carried on in the Channel and upon the Coast of Britain. But as the British parliament have taken off the duties on Teas imported in their own Ships, it is expected this policy will very considerably prevent the advantages that were reaped by those Nations, and not a little injure that branch of their Commerce. The general opinion seems to be, that the trade of both these nations with China must therefore be on the decline.

11 The Spaniards, after conducting their trade in private ships, have formed a Company at Manila, whose fund is said to be eight millions of Dollars. They have now two Ships here, which return to Manila, where their Cargoes are disposed of. Part is retained for the market there—such parts as will suit their settlements in America are sent by the way of Acapulco—and the residue to Europe, in other Ships. This nation must depend principally on its silver.

12 The Portuguese scarcely retain the Shadow of their former consequence. A few ships, owned by individuals at Macao and their remaining settlements in India, are kept in the Country trade, which is managed by them in much the same manner as by

the English. Their trade to Europe, as has been observed is also conducted by private persons, and so little do they now derive from their possessions in India, that they are obliged to depend in a great measure on a credit from the Chinese for their homeward Cargoes. Scarcely one of their Ships brings from Europe sufficient funds and were it not for this Credit, and the aids they receive from such European Company servants in India as are desirous of sending home their property not subject to the scrutiny of their Masters, the Commerce of this Nation with China would undoubtedly fail.

13 Besides the Europeans, the Armenians and Moors drive a considerable trade with China in pearls & other Merchandise, which they freight, in Portuguese and English bottoms, from the Red Sea, the Persian Gulf, and the Peninsula of India.

Since the year 1783, some small Vessels have been fitted out by private persons in India and at Macao, for the fur trade to Kamchatka and the North-West Coast of America. Their success has answered the expectations of the adventurers, and not a little reduced the price of furs brought here from Europe.

Such are the outlines of the commerce carried on by the Europeans with China. The national establishments are on a liberal footing. The supercargoes [*the commercial agents in charge of a ship's cargo*] are provided with elegant factories, and every accommodation they can wish. All expenses are paid, and a commission allowed them for transacting the business, which is divided among them according to seniority. In the English Factory a young Gentleman (whose Father perhaps or other near relation is one of the Company) comes out at fourteen or fifteen years of Age, as a writer with all expenses paid and one hundred pounds Sterling per Annum. At the expiration of five Years, he commences supercargo, when his Salary ceases, and he is included for part of the Commission. What may be the Amount of this depends on the number of Ships. The present Year twenty five have already arrived, and five more are expected (Four of them have since arrived. January 4<sup>th</sup> 1787). The proportion to the Chief and second, who share alike, will it is supposed be from twelve to fifteen thousand pound sterling each.

The English Captains in the Company's Service and all the Officers are allowed the privilege of private trade, on which account, as soon as their Ships are moored at Wampo (fourteen miles below Canton), the Captains take each his own factory at Canton. Their adventures consist chiefly of clock work of all kinds, (of which the Chinese are extremely fond) cutlery ware, glass, furs, some silver, and ginseng, besides articles from the Coast of India. The Captain's privilege in the Ship is about sixty tons measurement; this he commonly fills up with fine Teas, Cassia, Silks, porcelain etc, which on his entering the English Channel, are disposed of to smugglers, between whom and the Custom House Officers there is always a clear understanding. The ships are built and equipped by private Merchants, who charter them to the Company at a certain ton-

nage. They are generally from eight hundred to a thousand tons burden, and no ship is suffered to perform more than four voyages. A Captain must have great Interest to get one of these Ships, or pay from five to seven thousand pounds for the Command. In this case, he may sell again, and if he should Die during the Voyage, the privilege is filled up for the benefit of his heirs or assigns. This arrangement extends to the subordinate Officers. The Country Captains also take factories at Canton, and for privilege make the best bargain they can with their Employers.

Other Nations, instead of privilege to their Officers for private trade, allow a certain gratuity to each, according to his rank. Every Captain has an apartment in the factory and a place at the Company's table, where there is also a plate for any other Officer who may come to Canton.

18 No Europeans are suffered [allowed] to remain at Canton throughout the year. After their Ships are gone, and they have settled their Accounts with the Chinese, they repair to Macao, where they continue till the Arrival of their Ships the next season, when they return to Canton.

19 As soon as a Ship, whether public or private, arrives at Wampo, a *Fiador* or security, must be engaged before she can discharge any part of the Cargo. This person is one of the principal Merchants, and generally him with whom the trade is made, though it does not hinder from dealing with others. He is answerable to the Custom House for payment of the Emperor's Customs of entrance which average between four and five thousand Dollars per ship. Besides this tax, there are duties on every other Article, whether of import or export; but with these there is no trouble, it being understood in all bargains with the Chinese, whether buying or selling, that they pay them.

20 The trade on the part of the Chinese is conducted by a set of Merchants, who style themselves the *Co-hoang*; a word expressing our idea of a trading Company. This *Co-hoang* consists of ten or twelve Merchants, who have the exclusive privilege of the European and Country trade, for which they pay a considerable Sum to Government; and no other dealers, if we except the petty shop keepers, who are also licensed by Government, can be concerned in it but by their permission. The *Co-hoang* assemble as often as is necessary, communicate the information they have obtained respecting the Commodities at market, agree on the prices at which they will purchase, and fix those of their own Goods in return. When it happens that a Ship has but a small Cargo, no individual of the *Co-hoang* is unwilling to be its *Fiador*, as perhaps his profits will not pay the duties. In this case a person is nominated in the *Co-hoang*, and the Vessel's business done on their joint Account. There is generally no material variation from the prices fixed by the *Co-hoang*.

21 Each ship and factory must also have a *Comprador*. This is a person who furnishes provisions and other necessities for which he contracts at certain prices. There is much imposition in this article; and if the Ship is small, the *Comprador*, besides being paid for all supplies, will have a *doceur* of an hundred or an hundred and fifty *taels* (one hundred dollars are equal to Seventy-two *taels*). This must be submitted to, as the Government derive revenue for every ship of whatever Size, which the *Comprador* has permission to supply.

22 All the Company Ships on coming to Wampo have each a banksal on shore for the reception of their water Casks, Spars, sails, and all the lumber of the Ship, besides apartments for the sick. The French have theirs separate from the other Europeans, on an Island thence called French Island. The others are on the Main, on the opposite side, and confined to the Ground they occupy; for the remainder, being rice fields, and constantly watered renders it impossible to go beyond the limits of the banksal: whereas French Island is a delightful situation, and the resort of the Gentlemen of all Nations, who go off and on at pleasure. Excepting those of the French and the Americans, no common sailors are allowed to go there. For the exclusive privilege of this Island, every French Ship adds an hundred *taels* extra to the *Hoppo's* present (The *Hoppo* is the Chief Officer of the Customs). The banksal is a large building framed with bamboo reeds and covered with mats and Straw. They are erected by the Chinese, who pull them down immediately on their being left, in order that they may have the advantage of setting up new ones. The expense for a banksal is about two hundred dollars.

23 Besides a *Fiador* and *Comprador*, each Ship must also have a Linguist, which costs about an hundred and twenty *taels*. This person is absolutely necessary, as he is employed in transacting all business with the Custom House, which is in the City, where no European can be admitted, provides boats for unloading, and is always at call.

24 When the *Hoppo* goes to measure the shipping at Wampo, which he does whenever there are three or four that have not been visited, he is attended by the *Co-hoang*. On these occasions the Captains produce their Clock work and other Curiosities, of which the *Hoppo* lays by such as he likes, and the *Fiador* for the Ship is obliged to send them to him. Sometime after the *Hoppo* demands the price, for he will not receive them as a present, when the Merchant, who understands matters perfectly, tells him about one-twentieth part or less of their Value, and takes the money.

25 As soon as the Ship is measured the *Fiador* takes out a permit for unloading, and the Linguist provides two boats to receive the Goods, which are hoisted out of the Ship in presence of two Mandarins, who live in their boat along side. When the Goods arrive at Canton, one of the principal Mandarins, with his assistants,



attends to weigh, measure, and take an Account of every thing, after which liberty is granted to sell. Such Articles as the *Fiador* or the *Co-hoang* do not want, may be disposed of to any other purchaser, from whom the linguist collects the duty and settles with the *Fiador*. When the return Cargo is to be sent on board, the Mandarins attend as before, examine and take an Account of everything. Each package must have the sellers mark upon it, in order that the linguist may know where to apply for the Duties. No fees are paid to those Officers either by the buyer or seller, their Salaries being fixed by the Emperor. The expense of unloading is paid by the Europeans, and the Chinese deliver the return Cargo alongside the ship, free of all duties & Charges whatever. All Merchandise must be unloaded and loaded by Chinese boats.

26 In the Customs of Canton, as in other parts of the World, instances of knavery sometimes occur. The duty on Silks may be compromised with the Mandarin, who will accept a present of about one-half for leaving them go free. In these cases the ships boat carrying the flag of its Nation, attends at the time and place appointed, takes in the Goods, and receives the Mandarin's permit, which passes her without further examination. All boats are searched in coming to and going from Canton, and must have a permit; besides which they must, unless carrying the national flag, be stopped and examined at three different houses on the River.

27 The factories at Canton, occupying less than a quarter of a mile in front, are situated on the bank of the River. The Key is inclosed by a railed fence, which has Stairs and a Gate opening from the Water to each factory, where all Merchandise is received and sent away. The limits of the Europeans are extremely confined, there being, besides the Key, only a few streets in the Suburbs occupied by the trading people, which they are allowed to frequent. Europeans, after a dozen years residence, have not seen more than what the first month presented to view. They are sometimes invited to dine with the Chinese Merchants, who have Houses and Gardens on the opposite side of the River; but even then no new information is obtained. Every thing of a Domestic concern is strictly concealed; and though their wives, mistresses, and Daughters are commonly there, never one of them is visible.

28 The Europeans at Canton do not associate together so freely as might be expected; the Gentlemen of the respective factories keeping much by themselves, and excepting in a few instances, observing a very ceremonious and reserved behavior. At the Danish factory, there is every Sunday evening a concert of music, performed by Gentlemen of the several Nations, where everybody attends that it pleases. This is the only occasion where there appears to be any thing like a general intercourse. On the whole, the situation of the Europeans is not enviable; and considering the length of time they reside in this Country, the restrictions to which they must submit, the great distance they are from their connections, the want of

society & of almost every amusement, it must be allowed that they dearly earn their money.

29 Much has been said respecting the knavery of the Chinese, particularly those of the trading Class, but there is no general rule without an exception. The small dealers are many of them indisputably Rogues, and require to be very narrowly watched. But the Merchants of the *Co-hoang* are a set of as respectable men as are commonly found in other parts of the world. They are intelligent, exact, accomplants—punctual to their engagements, and, though not worse for being well looked after, value themselves much upon maintaining a fair Character. The concurrent testimony of all the Europeans justifies this remark.

The ships employed in this trade are on an average seven hundred tons each—some as many as fourteen but none less than five, and for the last three years the numbers have considerably varied. In 1783, exclusive of the Country Ships returning to India, there sailed from Canton and Macao forty-five ships for Europe, sixteen whereof were English. In 1784, there eleven English, four French, including one chartered at the Mauritius, five Dutch, three Danes and four Portuguese, which sailed for Europe; eight English and one Danish Country Ships that returned to the Coasts, and one American. The Swedish Ships lost their Season that year. In 1785, there were eighteen English, four Dutch, one French, four Spanish, three Danish, four Swedish, one English American under Imperial Colors, sailed for Europe and Americas and ten English Country ships that returned to the Coast—and the present Season the list is as follows, twenty-nine English, five Dutch, one French, two Spanish, two Danish, one Swedish, five American for Europe and America, twenty-three English Country Ships that return to the Coast, and five Portuguese from Macao to Europe.

Having been thus particular respecting the manner in which other Nations conduct their commerce with China it will not, I trust, be improper to make a few observations on the nature of our own.

The inhabitants of America must have Tea, the consumption of which will necessarily increase with the increasing population of our Country; And while the Nations of Europe are for the most part obliged to purchase this Commodity with their ready money, it must be pleasing to an American to know that his Country can have it upon more easy terms, and that the otherwise useless produce of its Mountains and forests will in a considerable degree supply him with this elegant Luxury. The advantages peculiar to America in this instance are striking, and the manner in which her Commerce has commenced, and is now going on with this Court, has not a little alarmed the Europeans. They have seen, the first year, a single Ship, one-fifth part of whose funds did not consist of ready money, procure a Cargo of the same Articles, & on equally good terms as those of their own Ships, purchased as has been observed, for the most part with specie. They have seen this ship

again here on her second Voyage, and four others in addition. They see these Ships depending, and that too with sufficient reason, upon the productions of their own Country to supply them with the Merchandise of this; and though a very small proportion of their funds consisted in specie, they see them all returning with full and valuable Cargoes. Such are the advantages which America derives from her Ginseng.

With respect to the demand in this Country for the Ginseng of America, which might perhaps be rendered as beneficial to her Citizens as her mines of Silver and Gold have been to the rest of Mankind, the world has been much mistaken. Until the American flag appeared in this quarter, it had been generally supposed that forty or fifty peculs, (a pecul is 133  $\frac{1}{3}$  lb. English) were equal to the Annual consumption. But experience has proved the contrary. Upwards of four hundred and forty peculs were brought here by the first American Ship in 1784, which did not equal the quantity brought from Europe the same season the greatest part of which must have been previously sent there by Citizens of the United States. The present year more than eighteen hundred peculs have been sold, one half of which came in the American Vessels. Notwithstanding this increased quantity since 1784, the sales have not been materially affected by it; and it is probable there will always be a sufficient demand for the Article to make it equally valuable.

On a consideration of the subject of Ginseng the enquiry seems naturally to arise, whether it cannot be rendered more beneficial to the Country which produces it than it is at present? How far the culture of this Commodity is practicable, in what manner it may be best promoted, and whether it would be for the interest of America to prevent the exportation of it in any but American bottoms directly to this Country, may be objects not unworthy of national attention.

Besides the advantages which America may derive from her Ginseng, in the Commerce direct with China, others would also accrue by making the Voyage circuitous, which could be performed without loss of time. The ship in which I have made my second Voyage to China, stopped at Batavia, the Capital of the Dutch establishments in India. We were well received there and allowed to trade on the same terms as other Nations. Iron and naval Stores, the produce of our Country, found a ready Sale; and besides these, we disposed of articles, which, though not immediately productions of our own, had been received from other Countries in exchange for them. A profit may be sometimes made on Merchandise carried from Batavia to Canton. No doubt similar advantages might result to the Americans, in circuitous Voyages to China by the Coasts of Malabar and Coromandel, and through the straits of Malacca.

On the whole it must be a most satisfactory consideration to every American, when he finds that his Country can carry on its

Commerce with China under advantages, if not in many respects superior, yet in all cases equal with those possessed by any other People.

I have thus, Sir, used my best endeavours to communicate to you every information I have been able to obtain of the means by which the other nations of the world carry on their Commerce with China. Should these remarks be found in any degree interesting to my Country, it will afford me the most heartfelt satisfaction. The matter of this communication I believe may be relied on; but for the manner in which it is made, I must request that indulgence which I have been so happy as to experience on a former occasion.

I must not omit mentioning that the death of M<sup>r</sup> Sears, our late worthy friend and partner, renders it necessary that M<sup>r</sup> Randall should return to America, in order to attend to our private concerns. This step I hope will not be disagreeable to you. He will be able to give any farther information respecting the foregoing particulars that may be necessary. I shall in the meantime go to Bengal, and return here the ensuing Season. If in this Tour any new information should be obtained, I will do myself the pleasure of transmitting it to you. I have the Honor to be &c.

SAMUEL SHAW

### *Source*

*The Emerging Nation: A Documentary History of the Foreign Relations of the United States under the Articles of Confederation, 1780-1789*, Mary A. Giunta, Editor-in-Chief, Volume III. Washington, DC : Government Printing Office, 1996.

NA: PCC, item 120, v. 3, pp. 277-243 (LBkC); M40, reel 3.